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24 January 1957

CMCC Doc. No. 151X5.399

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Dear George:

Enclosed is a proposed revision to the schedule and cost appendix for Contract A-101. We have incorporated all of the proposals forwarded to you to date and estimates of the costs of as many known requirements as we could realistically estimate at this time. We have corrected the dollar amounts of funding in all cases to the nearest dollar in our proposals, which makes some small changes in the dollar values as stated in Amendments 8 and 9. To be consistent throughout the schedule, we have used Requirement No. 1 to refer to Project needs, Requirement No. 2 to refer to Harry's needs, and Requirement No. 3 to refer to FOG needs. It will probably be well to give you a rundown, section by section, of the changes which were made.

Section A

We have split the original proposed development costs for System 1 into R and D and production. The basis for this split is the one we have used internally, namely, the equipment costs used in the first proposal covering Harry's requirements. These costs by item are tabulated in the cost appendix. The research and development portion is now 25X1A and the production portion is 25X1A. In addition, we have split the cost covered in CMCC151.628 leaving the additional development costs of 25X1A in the pre-production phase; moving \$626, representing the adjustment in price between our recorders and purchased Ampex equipment, to the production phase; and moving \$1,952, representing the cost of procuring tape, to Section N of the schedule.

The following new proposals have been added to Section A.

1. Research and development of the transistorized amplifier and power supply. ✓ FOG
2. The production cost of 23 sets of cabling for the project and 21 sets for Harry. ✓ OK
3. Added production costs of System 1 test sets. ✓ OK
4. Equipment requirement No. 3, representing the FOG requirements as set forth in the proposal covering their program. The

DOCUMENT NO.

NO CHANGE IN CLASS.

☐ DECLASSIFIED

CLASS. EXTENSION TO: TS S C

NEXT REVIEW DATE:

APPROVED FOR RELEASE

DATE: 1981

REVIEWER: 064540

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Basis for Amend. #10

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costs of the tube version of the amplifier and power supply have been deleted and the cost of the transistorized version as set forth in our new proposal have been included. The original proposal has been further modified to include the cost of reproducing modified instruction manuals for the new amplifiers and power supplies, and the cost of blower modification to the System 1 test set and one additional recorder unit as requested by you verbally.

The following estimated costs have been included in this section: The reduction in cost of amplifiers and power supplies to reflect the cut-back in quantity.

In addition, existing contract funding has been adjusted in this section to put all of the funding for equipment and test sets previously covered in support and training requirements into Section A. These adjustments are spelled out in the cost appendix showing the unit prices and proposals serving as a basis for the fund transfer. One item deserves special mention. Four test sets had originally been included in the initial develop-

25X1A

test sets. Corresponding reductions were made in Sections G and H of the schedule.

Equipment quantities have been adjusted to our latest understandings. This includes transfer of two recorders from Harry's requirement to the Project, as agreed in the December 5th meeting; the cut-off of amplifiers and power supplies as detailed to you in my letter of December 28, 1956, CMCC Doc. No. 151X5.359; and the adjustments for the transfer of items of equipment previously listed with spares. We have not transferred the costs of equipment Harry has transferred to the project because there was no separate pricing of amplifiers and power supplies in the proposal furnished him, and we are somewhat in doubt how you want to handle this funding. A total of 17 recorders, 13 pairs of amplifiers, and 35 power supplies have been transferred to the project including the units subsequently cut-back. Funding for this equipment was included in the original proposal covering Harry's equipment which total is still shown in Section A. 3. You may wish to change this funding.

Section B

The following additional proposals have been included in this section:

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- Handwritten notes:*
1. 16,29
2. 24,548
3. 95,122
4. 20,729
5. 4,216
1. Research and development of the range printer kit.
 2. Research and development of the channel stepping unit.
 3. Research and development of the air cooling modification.
 4. Research and development for four ground operation kits.
 5. Research and development of monitor speaker kit.
 6. The production phase was modified to correspond with the proposal submitted to you after the cut-back in quantity. The items of equipment, quantities, and costs correspond to that proposal, including the production of added features.

Certain adjustments were made in dollar amounts previously in the contract to correspond to our proposals. The weight reduction study which we had previously funded was inadvertently not forwarded to you with the cover letter anticipated in August. It has now been sent to you, and the CMCC reference number has accordingly been changed from that set forth in the contract.

Section C

The following new proposals have been added:

1. Additional research and development costs on System 3. ✓
2. The revision in production costs forwarded to you sometime ago. The quantities and costs included correspond to that proposal except that funding for only four System 3 test sets has been included since one deliverable test set is to be produced in the R and D phase. ✓
3. Equipment Requirement No. 3 has been included, covering the FOG requirements as set forth in our separate proposal to them. Quantities and costs correspond to that proposal.

We have set forth a spares requirement for Harry since I expect he will require spares, and we should be planning for them. No cabling, test sets, or manuals have been specified for Harry. If he will require these items, we would appreciate early advice of the requirement and some contract funding.

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Section D

The following new proposals were included:

1. Research and development of the System 4 test set; replaces a previous estimated cost. ✓
2. Research and development of System 5. We have included this here because of its relationship to System 4. You may wish to put it in as a separate lettered section.

The following estimated costs have been included:

1. ⁵ ~~Four~~ production System 4's for the Project and ⁵ ~~six~~ for FOG at [REDACTED] each. This is the same estimated cost presently funded in the contract, but the quantities have been increased to the new requirements. ✓
2. Two test sets for the project and two for FOG at an estimated cost of \$50,000.00. ✓

Although it is not possible to make firm estimates of System 4 production costs at this time, we would appreciate funding on an estimated basis to cover procurement and work in process.

Section E

The following new proposals have been added to this section:

1. Added research and development costs for the 3-channel data reduction system including the increased cost of the deliverable prototypes covered by the R and D phase. ✓
2. The research and development of the analysis playback modification kit. You have not authorized work on this modification, but we are including it assuming that you will authorize it. ✓
3. Revision of the production costs of 3-channel equipment to correspond to the estimates furnished FOG.
4. Five modification kits to the playback equipment for the Project and eleven for FOG. ✓

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5. Twelve additional modification kits for Ampex tape transports as requested by Harry, at the same price as a previous proposal. This raises the total number from twelve to 24. *NO, only 12*
6. Three modification kits for event marker equipment for the Project and eleven for FOG. ✓
7. Thirty-eight patch cables for the Project and 44 for FOG. ✓
8. The FOG requirements were included as Requirement No. 3 using revised quantities and the costs furnished in the original proposal to them.

Section F

The following new proposals have been included:

1. Added research and development work on 14-channel data reduction equipment. ✓
2. Revised estimated production costs for five units each of 14-channel equipment. ✓

Certain development requirements which you had included in the contract as Section F.l.c., but which we have now agreed not to perform, have been omitted from the schedule.

Section G

The FOG training requirements set forth in the proposal to them was included as training requirement No. 3.

We have had a few people (Lyons, Lee) in an informal training status for System 2, for whom no cost coverage was requested, and it is probable that the costs are so small that no additional funding will be needed.

Section H

The following new proposals have been included:

1. Adjustment to System 1 FAK, depot spares, and SLOE composition made in May, 1956. ✓

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2. Second adjustment to composition of System 1 FAK made in November, 1956. ✓
3. Adjustment to composition of System 1 and 3 SLOE. ✓
4. The FOG support needs for System 1 have been included as Requirement No. 3. Quantities and costs correspond to the original proposal forwarded to them. Some adjustments will have to be made in these lists to correspond to the changes made for you, but we have not yet been able to prepare the necessary paperwork and the dollar amounts will be small. We will make shipments to new requirements.
5. Harry's System 2 support needs have been included as Requirement No. 2. Only the remaining spare parts after the cut-back, the value of which was estimated at \$100,000.00, are funded in this section. The SLOE items are funded under the basic equipment.
6. System 3 support requirements for the project. The summary figure for support costs in the proposal was incorrectly copied, but the item in the cost estimate is correct and this figure was included here.
7. System 3 support requirements for FOG based on the original proposal submitted to them. Again, adjustments will have to be made later in the composition and cost of these lists.
8. Fly-away kits, one per rack, for the A, B₁, B₂, C, and F racks for both the Project and FOG.
9. Depot spares for both the Project and FOG for the A, B₁, B₂, C, and F racks.

Estimated funding has been included for the following items:

1. System 1 support requirement for Harry at \$40,000.00. You have already requested certain spares for him. We would appreciate the funding of a spares requirement so that we can procure and supply his support needs.
2. Harry's support requirements for System 3 is estimated at \$20,000.00.

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3. FAK for System 4 estimated at [REDACTED] each for two 25X1A sites each for the Project and FOG.
4. Depot spares for the Project and FOG estimated at \$20,000.00 25X1A.
5. [REDACTED]
6. Eight sets of Fly-Away Kit spares for the D and E racks for the Project and seven and nine sets, respectively, for FOG at estimated prices of \$2,000.00 for the D rack and \$3,000.00 for the E rack.
7. Support requirements for both the Project and FOG for 14-channel data reduction equipment have been estimated at 25X1A [REDACTED] each.

Again, this funding is desirable in the contract even though it is too early to prepare firm cost proposals, so that procurement of known needs can go forward at the same time as the system material is purchased. Throughout the spares provisioning there are opportunities for savings if known requirements of spares can be acquired along with the equipment requirements. This also makes it possible to ship spares simultaneously with the equipment. However, we need authorization to proceed in this fashion, and contract funding so that some money is available for the purchases. Wherever spares commitments can be made early in the program, we would appreciate your doing so in order that the spares planning can be more efficiently done.

Section I

An added proposal covering a few items of additional equipment for your sites was included.

Section J

No Change. I wonder if it would be well to state in this Section of the Schedule, that Contractor's facilities are used for flight testing, and that these costs appear as overhead charges.

Section K

The following new proposals were added:

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1. Test set cooling modification. ✓
2. Tape wrap study. ✓
3. Special preamplifier modification. ✓
4. Revisions to the System 1 manuals. ✓
5. Retrofit cost of the recorder modification.
6. Retrofit cost of the test set cooling modification.
7. Repair parts for Systems 1 and 3.

Section L

The following proposals were added.

1. Technical representative and contractor engineering and technical support in the Continental U. S.
2. Parts listing cost.

An estimated \$2,500 was included to cover the costs being incurred by Bill R's work.

Section M

No Change.

Section N

The FOG requirements for tape purchase were included. An estimate of these is covered by my letter to Jim of January 24, 1957, CMCC Doc. No. 151X5.400.

25X1A

A tape procurement cost [REDACTED] included in a System 1 added work proposal was transferred from Section A to this Section.

I am not at all sure we have picked up all proposals already forwarded to you although we have tried to do so. One afterthought which has occurred to me is the need to include under training, or elsewhere, the cost of tech-

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nical representatives training covered in our proposal CMCC 151X5.157; 1131X5.34; 1132X5.37 for \$13,020. However, this will serve as a starter for you.

Sincerely,

Bob

Bob

Enclosures:

Copies 1-3 of 4 of the
following CMCC Doc
No. 1133X5.20 and
1-3 of 6 of CMCC
1133X5.21

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